

**PUBLIC CHAPTER NO. 422**

**SENATE BILL NO. 1116**

**By Harper, Henry, Haynes, Johnson**

**Substituted for: House Bill No. 1809**

**By Pruitt, Gilmore, Mike Turner, Odom, Sontany, Sherry Jones, Briley,  
Harwell**

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 4, Part 1 and Title 67, Chapter 4, Part 19, relative to the financing of a new convention center by certain metropolitan governments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-4-102(b), is amended by designating the existing language as subdivision (b)(1).

SECTION 2. Tennessee Code Annotated, Section 7-4-102(b), is further amended by adding the following new language, to be designated as subdivision (b)(2):

(2) The metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census is hereby authorized to impose an additional one-percent (1%) increase to the privilege tax authorized pursuant to subdivision (b)(1). The proceeds from such tax shall be retained by the metropolitan government and distributed in accordance with § 7-4-110(b). The tax so imposed is a privilege tax upon the transient occupying the room of a hotel located within the territory of the metropolitan government. Such ordinance shall include provisions to reflect the intent and effect of this subdivision (b)(2).

SECTION 3. Tennessee Code Annotated, Section 7-4-110, is amended by deleting the section in its entirety and by substituting instead the following:

§ 7-4-110. (a) Until the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one-percent increase to the privilege tax authorized pursuant to this act, the proceeds from the tax authorized to be levied in § 7-4-102(a)(1) shall be retained by the metropolitan government and distributed as follows:

(1) One-third (1/3) of the proceeds shall be used for the direct promotion of tourism;

(2) One-third (1/3) of the proceeds shall be used for tourist related activities; and

(3) One-third (1/3) of the proceeds shall be deposited in the general fund.

(b) When the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one-percent increase to the privilege tax authorized pursuant to this act, the proceeds from the tax authorized to be levied pursuant to this chapter, other than the tax described in Section 7-4-102(c), shall be retained by the metropolitan government and distributed as follows:

(1) One-third (1/3) of the proceeds in its entirety shall be used for the direct promotion of tourism;

(2) One-third (1/3) of the proceeds in its entirety shall be maintained in a reserve fund to be used exclusively for the purpose of modifying, constructing, financing and operating a convention center;

(3) One-sixth (1/6) of the proceeds shall be used for tourist related activities which may include funding a convention center; and

(4) One-sixth (1/6) of the proceeds shall be deposited in the general fund of the metropolitan government;

(c) If the total tax collections received pursuant to this section and dedicated to the purposes contained in subsections (b)(1), (b)(2) and (b)(3) exceed the amounts necessary to fund the obligations thereunder, the excess shall be placed in a reserve fund and expended only for tourist related activities.

(d) Until the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one-percent increase to the privilege tax authorized pursuant to this act, the proceeds from the tax authorized to be levied in § 7-4-102(a)(2) shall be retained by the metropolitan government having a population in excess of one hundred thousand (100,000), according to the 1990 federal census or any subsequent federal census, and shall be used solely for the direct promotion of tourism.

(e) The proceeds from the tax authorized by § 7-4-102(c) shall be retained by the collecting municipality and used exclusively for tourist related activities within such municipality.

(f) Proceeds of this tax may not be used to provide a subsidy in any form to any hotel or motel.

SECTION 4. Tennessee Code Annotated, Title 7, Chapter 4, is amended by adding the following language as a new part 2:

Section 7-4-201. As used in this part, unless the context otherwise requires:

(1) "Metropolitan government" means any county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census;

(2) "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, business organization, receiver, trustee, syndicate, or any other group or combination acting as a unit;

(3) "Tax collection official" means the department of finance of the county or municipality, as applicable, or the county clerk, if so designated by ordinance of the legislative body of any municipality having a metropolitan government.

Section 7-4-202. In addition to any other tax or fee imposed pursuant to this chapter on the occupancy of a hotel room, upon the adoption of an ordinance by the metropolitan council in a county having a metropolitan government, there is hereby authorized an additional two dollar (\$2.00) privilege tax upon the occupancy of each hotel room within the territory of such metropolitan government. The tax so imposed is a privilege tax upon each occupied room for each night of occupancy and is to be collected and distributed as provided in part 1 of this chapter.

Section 7-4-203. All revenues received by the metropolitan government from the privilege tax imposed pursuant to this part shall be deposited into a metropolitan government fund entitled "The Convention Center Fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. Such revenues may also be used for the operation, promotion, management and marketing of such a convention center. If the revenues from such surcharge or tax in any fiscal year exceed the total of such debt service requirements from that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a reserve fund for future convention center debt service requirements.

Section 7-4-204. In the event that the total bonded indebtedness incurred for the modification or construction of such convention center facility by the metropolitan government shall be paid in full as to bond principal and interest, including expenses of bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this tax shall no longer be levied. Provided, however, that any funds and interest remaining in the reserve fund after all obligations imposed under the provisions of this part have been fulfilled, shall be used by the governmental board or agency responsible for the operation of the convention center for use by it in the operation, promotion and advertisement of the convention center facilities.

Section 7-4-205. (a)

(1) There is hereby authorized a privilege tax on the privilege of contracted vehicles exiting public airports located within the boundaries of a metropolitan government. Such tax shall only be effective upon the adoption of an ordinance by the metropolitan council to impose such privilege tax.

(2) Such tax shall be imposed only upon contracted vehicles which charge customers a separate fee for transportation from the airport unless otherwise excluded in this part.

(3) The tax shall be in the amount of two dollars (\$2.00) each time a contracted vehicle meeting the requirements of subdivision (2) exits the airport while transporting customers from the airport located within the territory of the metropolitan government, but shall exclude non-commercial vehicles and equipment operated by the Metropolitan Transit Authority.

(b) The tax so imposed is a privilege tax upon the contracted vehicle exiting the airport and is to be collected and distributed as provided in this chapter.

(c) The privilege tax is due each time a contracted vehicle to which this section applies leaves the airport. The operator of the contracted vehicle shall be responsible for keeping accurate records to determine the amount of the tax due and payable. Such information shall be transmitted daily by the operator of the contracted vehicle to a designated individual within the business organization which hired the operator of the contracted vehicle. The privilege tax shall be remitted to the metropolitan tax collection official by a designated individual within such business organization not later than the 20th of each month.

Section 7-4-206. (a) Taxes due and payable that are not remitted to the tax collection official on or before the due dates are delinquent.

(b) The person owing such taxes shall be liable for interest on such delinquent taxes from the due date at the rate of eight percent (8%) per annum, and in addition for penalty of one percent (1%) for each

month or fraction of a month that such taxes are delinquent. Such interest and penalty shall become a part of the tax required in this chapter to be remitted.

(c) Willful refusal of a person to collect or remit the tax or willful refusal of an operator of a contracted vehicle to keep accurate records of the tax due and payable is a Class C misdemeanor.

(d) Any fine levied in this chapter shall be applicable to each individual transaction involving an operator of a contracted vehicle for willful refusal to keep accurate records or the willful refusal of a person to collect or remit the tax due and owing.

Section 7-4-207. All revenues received by the metropolitan government from this privilege tax shall be deposited into a metropolitan government fund entitled "The Convention Center Fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. If the revenues from such surcharge or tax in any fiscal year exceeds the total of such debt service requirements from that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a reserve fund for future debt service requirements.

Section 7-4-208. In the event that the total bonded indebtedness incurred for the modification or construction of such convention center facility by the metropolitan government shall be paid in full as to bond principal and interest, including expenses of bond sale or sales, the metropolitan government's taxing resolution imposing the taxes authorized pursuant to §§ 7-4-202 and 7-4-205 shall be repealed and such taxes shall no longer be levied. Provided, however, that any funds remaining in the reserve fund after all obligations imposed under the provisions of this part have been fulfilled, shall be used by the governmental board or agency responsible for the operation of the convention center for use by it in the promotion and advertisement of the convention center facilities.

Section 7-4-209. (a) During the construction of a new publicly owned convention center as provided in this part any contractor entering into a contract with the metropolitan government for the performance of work on such convention center shall pay all workers performing work under such contracts not less than the prevailing wage rate for all types and classifications of work for contractors entering into a state contract pursuant to Tennessee Code Annotated, Title 12, Chapter 4, Part 4. In addition all such contractors shall provide health insurance coverage for all workers performing work under such contracts.

(b) After the construction of such convention center is completed, all persons employed to perform labor or services at such convention center shall be paid a wage which is not less than an average of the

prevailing wage rate for all types and classifications of work for contractors entering into a state contract pursuant to Tennessee Code Annotated, Title 12, Chapter 4, Part 4. In addition health insurance coverage shall be provided to all such employees.

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 4, Part 19, is amended by adding the following language as a new, appropriately designated section:

Section 67-4-1908. (a)

(1) In addition to the state tax provided in § 67-4-1901, a metropolitan government having a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census, is authorized to levy a surcharge or tax of one percent (1%) of the gross proceeds derived from the lease or rental of any passenger motor vehicle, truck, or trailer for a period of five (5) days or less; provided, that such surcharge or tax shall not apply to any automobile rented as a replacement vehicle, the cost of which is covered by insurance or by a business that rents a truck or trailer for the purpose of transporting goods, or by any individual or business that rents a vehicle as a replacement while the renter's vehicle is being repaired, replaced, or serviced; provided further, that the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice or signs a statement under penalty of perjury that the lease or rental of the vehicle is used as a replacement for a vehicle that is being repaired, replaced, or serviced. The surcharge or tax shall not apply to any vehicle rental transaction in which an entity whose principal business activity is the sale and service of new and used motor vehicles is the renter. This surcharge or tax shall apply to the gross proceeds from the rental agreement, excluding any sales tax imposed by Chapter 6 of this title. The surcharge or tax shall be subject to the exemptions provided by § 67-4-1906. The surcharge or tax shall not be subject to the credit provided in § 67-4-1903 and shall be implemented consistent with the existing tax policies and procedures of the Department of Revenue and of the remainder of this chapter.

(2) Such surcharge or tax shall only be effective upon the adoption of an ordinance by the metropolitan council to impose the surcharge or tax.

(b) All revenue received by the metropolitan government from this surcharge or tax shall be deposited into a metropolitan fund entitled "The Convention Center Fund" which shall be used for the purpose of paying costs incurred in modification or construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) of cost within the territory of the metropolitan government. If the revenue from such surcharge or tax in any fiscal year exceeds the

total of such debt service requirements for that year, such surplus revenue thus accruing shall be retained by the metropolitan government as a reserve fund for future debt service requirements.

(c) In the event the total bonded indebtedness incurred for the construction of such convention center facility by the metropolitan government shall be paid in full as to bond principal and interest, including expenses of the bond sale or sales, the metropolitan government's taxing resolution shall be repealed and this surcharge or tax shall no longer be levied. Provided, however, that any funds remaining in the reserve fund after all obligations imposed under the provisions of this section have been fulfilled, shall be used by the governmental board or agency responsible for operation of the convention center for use by it in the promotion and advertisement of the convention center facilities.

SECTION 6. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 7. (a) For purposes of this section, unless the context otherwise requires:

(1) "Metropolitan council" means the council of a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census;

(2) "Metropolitan government" means a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census; and

(3) "Minority owned business" means a business that is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls the daily operations of such business and who is impeded from normal entry into the economic mainstream because of:

(A) Past practices of discrimination based on race, religion, ethnic background, or sex;

(B) A disability as defined in § 4-26-102; or

(C) Past practices of racial discrimination against African-Americans;

(b) A metropolitan government, in soliciting bids for the construction of a publicly owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of such metropolitan government, shall actively solicit bids from minority owned businesses. Such metropolitan government shall strive to maximize participation of minority owned businesses through both prime and second tier business contracting opportunities.

(c) (1) The metropolitan council shall ensure that the funds which are deposited into the Convention Center Fund, created pursuant to this act, are expended in a non-discriminatory manner.

(2) The metropolitan government shall monitor the expenditure of funds from the Convention Center Fund to ensure that all contractors, vendors, suppliers and professional services providers receiving compensation from such fund do not discriminate in hiring, partnering, contracting or subcontracting on the basis of race, religion, ethnic background, or sex.

(3) The metropolitan government shall monitor the results of minority owned business participation. Such government shall periodically investigate to ascertain whether minority owned business participation is being achieved at a level contemplated pursuant to subsection (b) of this section and shall report such information to the comptroller of the treasury in the manner proscribed in subdivision (4) of this subsection.

(4) The metropolitan government shall prepare and submit a quarterly report entitled "The Convention Center Compliance Report" which shall be submitted to the comptroller of the treasury no later than twenty (20) business days after the end of any calendar quarter in which funds are expended from the Convention Center Fund. Such report shall include:

(A) Data on the race, religion, ethnic background and sex of the workforce of each person that receives funds from the Convention Center Fund;

(B) Data on the actual expenditure of funds to minority owned businesses from the Convention Center Fund; and

(C) Data summarizing the findings of all periodic investigations conducted in accordance with subdivision (3) of this subsection.

(5) The comptroller of the treasury shall, upon receipt of the report from the metropolitan government, transmit a synopsis of the report to the chairs and membership of the Senate and House State and Local Government Committees.



SECTION 8. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: May 31, 2007**



RON RAMSEY  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 13th day of June 2007**



PHIL BREDESEN, GOVERNOR